

-
- **Industrial Energy Consumer Group**



P.O. Box 5117
Augusta, Maine 04330

April 1, 2010

Ms. Susan M. Lessard
Chair, Board of Environmental Protection
c/o Terry Hanson
17 State House Station
Augusta, Maine 04333

Re: Petition to Intervene in Calais LNG Proceeding
SLODA: #L-24843-26-A-N
NRPA: #L-24843-TG-B-N; #L-24843-IW-C-N;
#L-24843-L6-D-N; #L-24843-4P-E-N
Air Emission Permit: #A-1029-71-A-N
Waste Discharge Permit: #W-9056-50-A-N

Dear Chairwoman Lessard:

Enclosed for filing in the above-captioned matter please find the Petition to Intervene on behalf of the Industrial Energy Consumer Group ("IECG"). Please add the IECG to the Service List for any mailings going forward. Thank you.

Sincerely,

Glenn Poole
President
Industrial Energy Consumer Group

STATE OF MAINE
BOARD OF ENVIRONMENTAL PROTECTION

Calais LNG Project Company, LLC
and
Calais Pipeline Company, LLC

Site Location of Development Act:

#L-24843-26-A-N

Natural Resources Protection Act:

#L-24843-TG-B-N;

#L-24843-IW-C-N;

#L-24843-L6-D-N;

#L-24843-4P-E-N

Air Emission License:

#A-1029-71-A-N

Waste Discharge License:

#W-9056-5O-A-N

PETITION TO INTERVENE
BY THE
INDUSTRIAL ENERGY CONSUMER
GROUP

Pursuant to the Department's regulations governing hearings on applications of significant public interest, the Industrial Energy Consumer Group ("IECG") hereby submits this Petition to Intervene as a party in the above proceeding involving Calais LNG Project Company, LLC and Calais Pipeline Company, LLC ("Calais LNG"). This Petition to Intervene demonstrates that IECG: (1) has a direct and substantial interest that may be affected by the proceeding; (2) has reasonably specific contentions regarding the subject matter of the hearing and the appropriate statutory criteria; and (3) is prepared and capable of participation in the hearing to support such contentions. *See* DEP Reg. Ch. 30 §5(A)(1). Hence, the Board should therefore grant IECG's petition to intervene.

The IECG has a direct and substantial interest that may be affected by this proceeding.

The IECG was formed in 1985 as an incorporated association for the purpose of representing Maine industrial energy consumers before regulatory, legislative, and congressional bodies on energy-related issues. The group is a collective voice that actively works to effect low cost electrical rates and to promote well-designed and monitored competitive energy markets that benefit both the end user and the environment. The IECG has actively supported construction of natural gas pipelines to and in Maine for economic and environmental reasons. Many of the IECG's current members now utilize natural gas for a substantial portion of their energy needs. Other members desire to switch from fuel oil to natural gas as a principal source of energy due to the improved environmental characteristics and lower cost of natural gas for electricity and heat/steam production. The IECG has assisted the Department in improving the structure and operation of the Regional Greenhouse Gas Initiative ("RGGI") because of the IECG's interest in lower impact energy resources.

Calais LNG proposes to build a liquefied natural gas facility (consisting of a pier, a vaporization facility, storage tanks and a 20.7 mile pipeline) in Washington County. It will be designed to deliver 1.0 billion standard cubic feet per day of clean-burning natural gas to the Maine and New England markets. The project will also be equipped with truck docking stations that will allow LNG to be transported by truck throughout the state and delivered to any IECG member's facilities which may not be served by pipelines, as well as to the facilities of other end-users, without the economic cost and environmental impact of building a lateral pipeline to each such facility. This reduces the economy of scale obstacles to gas usage.

IECG members' energy costs are among the three largest cost centers for each of their operations. Some of the IECG's members burn hundreds of thousands of gallons of fuel oil each

year. Virtually every pulp and paper mill in Maine would like to switch from fuel oil to natural gas or reduce its use of fuel oil consumption by moving to natural gas -- for both environmental and economic reasons -- and would do so if there were a year round reliable supply of natural gas. For example, one of the primary reasons that the Otis Mill in Jay, Maine closed was due to fuel costs caused by the lack of availability of natural gas. Further, Maine storage and supply of natural gas will impact natural gas prices (specifically, the "basis differential") by creating price competition between Calais LNG and existing natural gas suppliers for the existing users, thereby making those businesses currently using natural gas more able to rely on natural gas and thus more viable well into the future.

The proposed project will therefore directly impact the IECG's members, creating a direct and substantial interest that may be affected by this proceeding.

The IECG has specific contentions regarding the subject matter of the hearing and the appropriate statutory criteria.

The IECG has reviewed the project's Site Location of Development, Natural Resources Protection, Air Emissions and Wastewater Discharge license applications. Based upon that review, the IECG's contentions regarding the subject matter of those applications that may be the subject of the hearing include, but are not limited to, the following:

- A. IECG members include, among others, pulp and paper companies in Maine that have their own air emissions licenses. These entities share the same air shed as the proposed project -- another emission source within the region that may impact emission allowances in the future. Hence, the IECG has concerns about the air emission impacts of this project. *See* 38 M.R.S.A. § 484(2); 06-096 Ch. 375 § 1; 38 M.R.S.A. §§ 581 et seq. ("The Legislature by this chapter intends to exercise the police power of the State in a

coordinated state-wide program to control present and future sources of emission of air contaminants..."(emphasis added)).

- B. IECG members must comply with state and federal air emissions regulations, in particular those that limit the emissions of criteria pollutants sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from point sources. On a comparative basis (per btu), natural gas fired units have significantly lower emissions of SO₂ and NO_x than do oil-fired units. A reliable, ample and stable supply of natural gas in Maine would allow IECG members that currently rely heavily on fuel oil for their energy production to more easily meet air emission standards and lower their currently emitted amounts of SO₂ and NO_x within the State. The successful permitting of Calais LNG may facilitate the switch to natural gas generation and, as a result, air emissions from criteria pollutants could be significantly reduced by IECG members and air quality improved within the State.
- C. The applications of Calais LNG under the Site Location of Development, Natural Resources Protection, Air Emissions and Wastewater Discharge programs are consistent with the requirements for such projects under the Department's applicable statutory programs and implementing regulations. The project will not have an unreasonable effect upon air quality, water quality, scenic character, historic sites, or natural resources.

The IECG is prepared and capable of participation.

The IECG will be represented by experienced legal counsel familiar with these types of proceedings. It has actively participated in the development and implementation of the Regional Greenhouse Gas Initiative (RGGI) both in Maine and regionally, and is very familiar with these types of issues. Further, its members are all heavily regulated entities, with significant DEP permits of the type being sought by Calais LNG. Hence, they are knowledgeable about and

capable of participating, and will actively participate in, all pre-hearing conferences, will offer prefiled testimony, and will present witnesses at the hearing to support its contentions. It is therefore prepared and capable of participating in these proceedings.

Conclusion

Because it has a direct and substantial interest, has specific contentions regarding the subject matter of the hearing, and is prepared and capable of participation, the IECG has satisfied the requirements for intervention under the Department's regulations for hearings on applications of significant public interest and respectfully requests that it be granted Intervenor status.

DATED: April 1, 2010

Respectfully submitted,

INDUSTRIAL ENERGY CONSUMERS GROUP

A handwritten signature in cursive script, reading "Glenn Poole", is written over a horizontal line.

By: Glenn Poole, President
Industrial Energy Consumers Group
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